



Well-being, Happiness and the Environment

2-day workshop, 8-9 April 2010 organised by the Division of Economics,
University of Stirling, UK

Announcement and call for papers

Speakers include

Prof. [David J Maddison](#), University of Birmingham, UK

Prof. [Heinz Welsch](#), University of Oldenburg, Germany

Dr. [Liam Delaney](#), UCD Geary Institute, Ireland

Submission deadline: 8 March 2010

The workshop is open to applied, theoretical and methodological contributions. Please submit your **abstract** by the 8th March 2010 to mirko.moro@stir.ac.uk.

The Division of Economics will cover up to two nights accommodation and will consider travel bursary for the presenters with no travel budget.

Main Objectives and topic

The principal aim of this workshop is to assess the contribution of the recent economic literature that links directly self reported measures of mental health, life satisfaction or happiness to environmental quality. What can we learn on the relationship between environment and well-being from this literature? Can this data be used to inform cost benefit analyses and public policies?

*«The life-satisfaction approach expands economists' toolbox in the area of non-market valuation»
(Luechinger, 2009).*

«*[The life satisfaction approach] it is unlikely to be generally useful as an everyday cost-benefit tool [...]*» Levinson (2009).

«*[...] I am “unhappy” with happiness economics [...]. It is amazing to me that the best economics journals have devoted so much attention to [...] rather “silly analyses”* » Smith (2008).

«*[...] it may be possible to identify the effects on happiness of some particularly important factors.[...] But this approach seems unlikely to be feasible for casual factors which operate on a smaller scale.*» Kahneman and Sugden (2005).

Grabbing sentences out of papers as done above simplifies each position too much. However, these sentences serve to show that views on this seem to diverge greatly.

Background

The study of the relationship between environment and well-being is crucial to design public policies. How to best measure well-being, however, remains an open question. Welfare economics deduces well-being from actual decisions of individuals, under the assumption of rationality of economic agents that maximise their utility when making decisions. A growing literature shows that people makes systematic mistakes when making decisions and often they do not have full information when selecting among different choices. Economists have recognised that approaches based solely on revealed preference are not always sufficient in analysing the behaviour of people towards certain categories of public goods. Techniques based on surveys in order to elicit individual's preferences towards public goods have been used since more than four decades.

Economics and happiness

Some economists think that quality of life can be now measured more directly. Since the 90s, they have been using self reported measures of well-being to study individual, economic and institutional determinants of quality of life. Direct ways to measure well-being can be elicited via surveys that include self-reported psychometric questions dealing with either global or episodic measures, such as self-assessment of satisfaction with life, happiness, health status and day reconstruction method. This literature has examined the impact on happiness of a large number of factors: socio-demographic and economic characteristics of individuals, such as age, gender, marital status, income and macroeconomic characteristics, unemployment and inflation. Individual factors such as health and family circumstances tend to show a marked influence on quality of life than standard economic

measures, although contextual/macro factors, such as the quality of institutions and the environment certainly plays an important role and can be affected by public policies directly.

Environment and happiness

The impact of various measures of environmental quality/degradation, such as air and water pollution or proximity to environmental (dis)amenities, among others, can be correlated with self reported measures of well-being to detect the importance of objective environmental characteristics on individual welfare more directly. The literature on happiness and environment is increasing quite rapidly. Environmental disamenities such as air pollution (Levinson, 2009; Luechinger, 2009; Di Tella and MacCulloch, 2008; Welsch, 2002; 2006), weather and climate (Rehdanz and Maddison, 2005; Becchetti et al., 2007; Barrington-Leigh, 2008), commuting time (Frey and Stutzer, 2005), noise (Weinhold, 2009; van Praag and Baarsma, 2005), and environmental attitudes (Ferrer-i-Carbonell and Gowdy, 2007) have also been shown to have an impact on life satisfaction. Moreover, Brereton et al. (2008), Moro et al. (2008) and Rehdanz and Maddison (2008) find that local amenities significantly improve the goodness-of-fit in life-satisfaction regressions. Some of these papers have attempted to use happiness measures to place a monetary value on environmental goods or bads (see also MacKerron and Mourato, 2008; Luechinger and Raschky, 2009) and to describe the relationship with standard environmental valuation approaches (e.g., Ferreira and Moro, 2009, Luechinger, 2009;) or compare their implicit prices (e.g., Dolan and Metcalf, 2008).

Contribution of the workshop

The workshop will be giving special attention to:

- the promotion of an ample informed debate on the validity of the life satisfaction approach in eliciting preferences towards the environment by inviting leading scholars in the area;
- the policy implications arising from the current literature;
- the relationship between the life-satisfaction approach and standard methods used in analysing preferences towards public goods.
- the methodological and statistical issues to limit biases in survey methodologies and parameter estimation (e.g., endogeneity, measurement errors of variables, GIS techniques for happiness research).

For further information, please contact Mirko Moro at mirko.moro@stir.ac.uk

Acknowledgements

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